

# TENNESSEE REGULATORY AUTHORITY

Pat Miller, Chairman  
Deborah Taylor Tate, Director  
Sara Kyle, Director  
Ron Jones, Director



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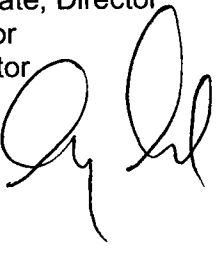
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460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

T.R.A. DOCKET ROOM

## MEMORANDUM

**To:** Deborah Taylor Tate, Director  
Sara Kyle, Director  
Ron Jones, Director

**From:** Gary Lamb  
Utilities Division 

**Date:** March 2, 2005

**Subject:** Atmos Energy Actual Cost Adjustment Audit Revision  
Docket 04-00276

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Attached is a revised page 9 of Staff's audit report of Atmos Energy's 2004 Actual Cost Adjustment filing. On page 9, finding # 3 of the original report stated that there was a "\$40.50 **over-recovery** of gas costs". The report should have stated there was a "\$40.50 **under-recovery** of gas costs". Director Jones requested this revision at the February 28, 2005 Conference.

c: Chairman Pat Miller  
Aster Adams  
Senior Policy Advisors  
Richard Collier  
Eddie Roberson  
Darlene Standley  
David Foster

Atmos 2004 ACA Audit Finding # 3 revision memo

**FINDING #3 (revised):**

**Exception**

The Company did not adjust its ACA beginning balance for the "Union City" filing to reflect Staff's Finding #4 in the previous ACA audit.

**Discussion**

The beginning balance should have been adjusted to account for Findings #4 of the 2003 ACA audit. By not making this adjustment, the Company's negative beginning balance in the ACA Account was over-stated, resulting in a **\$40.50 under-recovery** of gas costs from its customers.

**Company Response**

Atmos Energy agrees with the Staff and will adjust the 2004-2005 ACA to reflect Staff's finding.